

**AN ANALYSIS OF THE PRESIDENT'S BUDGETARY
PROPOSALS FOR FISCAL YEAR 2001:
A PRELIMINARY REPORT**

**Prepared by the
Congressional Budget Office
at the request of the
Senate Committee on Appropriations**

March 9, 2000

NOTICE

This preliminary report is not available
for public release until 11:00 a.m.
(EST), Thursday, March 9, 2000.

NOTE

The numbers in the text and tables of this report may not add up to totals because of rounding.

As requested by the Senate Committee on Appropriations, the Congressional Budget Office (CBO) has estimated the effects of the Administration's budgetary proposals using CBO's own economic and technical estimating assumptions. CBO estimates that under the Administration's budget, on-budget surpluses would total \$423 billion and off-budget surpluses would total \$2.3 trillion between 2001 and 2010 (see Table 1). (On-budget totals exclude Social Security inflows and outflows as well as the net cash flow to the Postal Service.)

CBO has prepared three variants of its baseline as benchmarks for assessing the impact of the President's budget and other budget plans.¹ The baseline assumes that current laws governing federal revenues and mandatory spending programs remain in place. However, because discretionary spending is controlled by annual appropriation acts and no consensus exists about how to define current policy for such spending in future years, CBO makes three different assumptions about its potential path:

- o The "inflated" variation assumes that budget authority for discretionary programs grows at the rate of inflation each year after 2000.
- o The "freeze" variation pegs discretionary budget authority to the level enacted for the current year plus amounts already enacted for 2001.
- o The "capped" variation assumes that discretionary spending equals CBO's estimates of the statutory caps through 2002 and grows at the rate of inflation thereafter.

Under the President's budgetary proposals, cumulative on-budget surpluses would be smaller than surpluses under each of the baseline variants over the 2001-2010 period by amounts ranging from \$470 billion to \$1,525 billion (see Table 2). Cumulative off-budget surpluses would be essentially the same under all three versions of the baseline and the President's budget.

The budget would devote some of the projected on-budget surpluses to additional spending and some to net tax cuts—the remainder would reduce the federal debt. For discretionary spending, the President proposes a revised set of statutory caps that after 2001 is similar to the path suggested by CBO's inflated baseline variant. (The Administration's proposals would add over \$830 billion to discretionary outlays over the 2001-2010 period relative to the freeze and capped variations of the baseline.) On the mandatory side of the budget, proposals of major budgetary significance are concentrated on health initiatives—particularly for Medicare,

1. See Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2001-2010* (January 2000), for a detailed description of CBO's baseline. The January estimates have been slightly revised, and the updated projections are presented later in this report.

Medicaid, and the State Children's Health Insurance Program (SCHIP). Additional on-budget spending on mandatory programs would total about \$216 billion over 10 years, CBO estimates.

Proposed tax cuts to alleviate the marriage penalty and a number of tax credits intended to promote various specific objectives are partially offset by revenue increases—for example, from raising the excise tax on tobacco. CBO and the Joint Committee on Taxation estimate that the net effect of the President's proposals would shrink revenues by \$146 billion over the 2001-2010 period.

Overall, the Administration proposes to spend over \$1.8 trillion—18.3 percent of gross domestic product (GDP)—in 2001 (see Table 3). Total annual spending is estimated to rise to \$2.5 trillion in 2010 but would account for only 16.9 percent of GDP, the lowest percentage since 1956. Revenues would also decline as a percentage of GDP—from 20.2 percent in 2001 to 19.6 percent in 2010. Under the President's budget, CBO estimates that the off-budget surplus would grow from \$166 billion in 2001 to \$292 billion in 2010. The on-budget surplus is also projected to climb—from \$24 billion in 2001 to \$103 billion in 2010. CBO's estimates of surpluses under the President's policies are higher than those projected by the Administration largely because CBO's estimates of mandatory spending under current law are for the most part lower (see Table 4). Social Security accounts for much of the difference; CBO's baseline total for Social Security outlays over the 2001-2010 period is \$128 billion less than the Administration's.

THE PRESIDENT'S POLICY PROPOSALS

The President is requesting nearly \$625 billion in total discretionary budget authority for fiscal year 2001. CBO estimates that the resulting outlays for that year would exceed the current statutory cap by \$56 billion, although they would equal the outlays in CBO's inflated baseline variation. In 2001, mandatory spending (including offsetting receipts) under the President's proposals would be only about \$1 billion more than under CBO's baseline, but the impact would grow over time and boost such spending by an estimated \$37 billion in 2010. The Administration's tax proposals would add about \$10 billion in revenues next year; however, the net effect of proposals in later years would reduce revenues. In 2010, the President's revenue proposals are projected to reduce revenues by \$35 billion.

Discretionary Spending

The Administration proposes to revise the statutory limits on discretionary spending that are currently in effect through 2002. Except for 2001, it advocates setting caps

on budget authority and outlays at or slightly below levels that would allow future discretionary spending to keep pace with inflation through 2010. For 2001, the Administration proposes a new cap on budget authority that would be \$7 billion above a level consistent with inflation and \$73 billion above the current cap.

In addition to extending the overall caps through 2010, the Administration would also create a new cap for its Lands Legacy initiative. Funding would average around \$1.5 billion annually through 2010 and would be reserved for acquiring historic sites, open spaces, and threatened coastal areas. Existing caps on highway and mass transit spending would be allowed to expire in 2003, as provided in current law.

The Administration's proposed new caps on budget authority start at \$614 billion in 2001 and grow to \$758 billion by 2010 (see Table 5). Its proposed caps on outlays rise from \$626 billion in 2001 to \$780 billion in 2010—an average annual rate of growth of about 2.5 percent. Because CBO's estimates of discretionary spending under the President's proposals are slightly higher than the Administration's, CBO expects that such spending would slightly exceed the proposed caps in every year. In 2001, by CBO's estimates, the proposed level of budget authority exceeds the Administration's cap by \$10 billion and the amount in the inflated variant of the baseline by \$17 billion. Outlays in 2001 subject to appropriation action are projected to exceed the proposed cap by \$8 billion. Much of the difference in both budget authority and outlays is attributable to proposed cuts in spending, fees, or revenue increases (such as transferring earnings from the Federal Reserve Banks) that the Administration employs to offset discretionary spending but that CBO believes cannot be used for that purpose under the provisions of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

After adjusting for various timing shifts and other anomalies, CBO estimates that the President's budget would increase spending authority for discretionary programs by about 7 percent (see Table 6). The largest increases would occur in the energy, general government, income security, education, and administration of justice budget functions (see Table 7). Only one function is slated for a decrease in funding under the President's budget. The commerce and housing credit function shows a decrease in budget authority of nearly 47 percent from 2000 to 2001; however, that result is skewed by the additional funding necessary to conduct the census in 2000. Excluding the census, that function would also show an increase in funding.

Mandatory Spending

In total, CBO estimates that the President's proposals would add \$218 billion in mandatory spending (on- and off-budget) over the 2001-2010 period. Three health

programs—Medicare, Medicaid, and SCHIP—account for nearly three-quarters of the proposed new funding between 2001 and 2010.

Over that period, the President's Medicare policies would increase net outlays by \$69 billion, CBO estimates (see Table 8). The most costly proposal would be the creation of a prescription drug benefit, beginning in 2003, for all Medicare beneficiaries. The plan would have no deductible and would pay half of beneficiaries' drug costs up to \$2,000 in 2003; it would pay up to \$5,000 by 2009, when the plan would be fully phased in. CBO estimates that such a plan would cost Medicare \$260 billion between 2003 and 2010, but those costs would be offset by nearly \$130 billion in increased premiums. Providing the drug benefit would also increase federal spending for Medicaid by \$19 billion, because Medicaid would subsidize premiums and share costs for low-income Medicare beneficiaries.

In addition to the drug benefit, the Administration proposes to allow people ages 55 to 65 to buy into the Medicare program. CBO estimates that the premiums paid by such enrollees would cover the cost of their insurance. However, a tax credit of 25 percent of the premium, which would be available to those enrollees, is projected to cost \$8 billion from 2002 through 2010.

Various other Medicare proposals would save approximately \$62 billion from 2001 through 2010. Such proposals include giving the traditional fee-for-service program new purchasing tools to leverage volume discounts from health care providers, encouraging competition on the basis of price among Medicare+Choice plans, adding a new cost-sharing requirement for clinical laboratory services, and reducing the projected annual increases in payment rates for services furnished by hospitals and other providers.

Another of the President's budgetary proposals involves health coverage. The proposal would allow states to cover the uninsured parents of children eligible for Medicaid and SCHIP; indeed, for certain of those parents, the proposal would require states to provide coverage. The new FamilyCare program would raise federal matching payments to states that expanded their coverage of parents. CBO estimates that the FamilyCare initiative would increase SCHIP expenditures by \$64 billion between 2001 and 2010; however, Medicaid payments would decrease by \$7 billion over the period as some recipients were shifted into the FamilyCare program.

The President's budget contains several other proposals related to Medicaid. The largest of them would restore full eligibility for certain legal immigrants. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (also known as welfare reform) restricted the eligibility of legal aliens for welfare benefits. The President would restore that eligibility at a total cost of \$10 billion between 2001 and 2010. The budget also proposes to extend and simplify the transitional Medicaid

program, which provides up to one year of coverage for recipients who secure jobs, at a cost of nearly \$5 billion over 10 years. (Without that extension, the program will end in October 2001.) The net effect of other Medicaid provisions would save less than \$1 billion from 2001 through 2010.

The budget also includes several major proposals related to income security. An expansion of the earned income tax credit would boost outlays by about \$2 billion per year from 2001 onward, and changes to the child and dependent care tax credit would raise spending by as much as \$4 billion a year. In total, those changes would add \$42 billion to outlays over 10 years. The Administration also proposes to restore Supplemental Security Income payments to legal immigrants who entered the country after August 22, 1996, who have lived in the United States for more than five years, and who became disabled after entry. Restoring those benefits, which were eliminated by welfare reform, would cost \$6 billion from 2001 through 2010, CBO estimates.

Revenues

The President's budget proposes nearly 150 changes in tax laws that together would reduce revenues by \$146 billion from 2001 through 2010 (see Table 9). Of the proposals to cut taxes, which would subtract about \$350 billion from revenues over the period, five account for nearly 60 percent of that reduction: establishing Retirement Savings Accounts for individuals; providing relief from the marriage penalty and increasing the standard deduction; providing relief to individuals from the alternative minimum tax; increasing the lifetime learning credit for taxpayers with postsecondary education expenses; and establishing a tax credit for taxpayers with expenses for long-term care.

The budget also contains a number of proposals that would raise revenues by just over \$200 billion from 2001 through 2010. Two proposals would account for over half of that amount: increasing tobacco taxes and changing the sales-source rules for multinational firms.

Restoring Budgetary Conventions

The Administration's supplemental request for 2000 includes the reversal of a number of timing shifts and delays that were enacted in previous legislation. In the Consolidated Appropriations Act (Public Law 106-113) passed in November 1999, the Congress and the President delayed a pay date to October 1 (the beginning of the government's fiscal year) that normally would have occurred on September 29 or September 30. Also, during last year's appropriation process, part of the funding for several programs was withheld until late in the fiscal year. The effect of the timing

shifts and delays in obligations was to transfer nearly \$8 billion in spending from 2000 to 2001. The Administration proposes to shift \$7 billion of that spending back to 2000. (The Administration does not propose to reverse the delays in foreign operations programs.)

A further proposal of that sort would restore the traditional payment dates for veterans' compensation and Supplemental Security Income at the end of 2000. Normally, benefits for those two programs are paid on the first day of each month. However, when October 1 falls on a weekend, payments shift back to the previous Friday. The Balanced Budget Act of 1997 undid the regularly scheduled shift in 2000; the Administration proposes to pay those benefits (approximately \$4 billion) on September 29, 2000.

In an attempt to comply with the cap on budget authority in 2000, the Congress and the President enacted about \$14 billion in advance appropriations for 2001 that would ordinarily have been made available in fiscal year 2000. Although the Administration includes legislative language in the budget to extend that practice for 2002, it has also indicated that it would consider legislation to restore the traditional funding patterns. The Administration's budget figures do not reflect such a shift, nor do CBO's.

Finally, the President's budget contains several proposals that are not consistent with normal budgetary conventions. Those proposals include advance appropriations for 2002; a timing shift for Medicare payments to health maintenance organizations; a new reclassification of discretionary programs as mandatory; a repeat of last year's requirement that the Federal Reserve transfer additional earnings to the Treasury; and an administrative proposal concerning the payment of interest on net receipts from the Federal Housing Administration's mutual mortgage insurance program.

Debt Reduction

Surpluses—from either off-budget or on-budget sources—that are not used to increase spending or reduce taxes are available to pay down debt. For example, setting aside the off-budget Social Security surpluses, as the President proposes, would enable the Department of the Treasury to significantly reduce debt held by the public.

Remaining on-budget surpluses would also reduce the debt. The President's budget calls for transferring some of the on-budget surpluses to the Medicare trust fund. But that intragovernmental transaction has no effect on the budget's bottom line. And although such a transfer would make the trust fund appear to be more financially sound, it would not actually provide any new resources to help the federal

government meet its obligations to Medicare recipients in the long term. (Similar transfers are proposed for Social Security beginning in 2011 and for the Black Lung trust fund in 2001. Those transfers would also have no effect on the ability of the federal government to meet the obligations of those programs.)

Additionally, the budget mentions a “reserve for catastrophic prescription drug coverage” that, if such legislation was enacted, would consume \$35 billion of the surplus allocated to reducing debt between 2006 and 2010. Yet no specific information is provided about how the program would work, and the money is actually counted toward debt reduction in the budget. Because of the lack of any detail regarding the proposal, CBO’s figures do not include spending for that purpose.

If the projected surpluses that CBO estimates under the President’s budget—as well as under all three versions of its baseline—materialize, debt held by the public that is available for redemption could all be retired by 2010. “Available” is the key word: some portion of the outstanding debt will remain in public hands because many 30-year bonds are not slated to mature until after 2010. The Treasury has announced that it plans to begin repurchasing some outstanding debt in 2000 (a trial buyback of \$1 billion will be held on March 9); however, it is unlikely that over time, all holders of 30-year bonds (or even a significant portion of them) will choose to sell their securities at prices that the government would be willing to pay. Furthermore, unless the government discontinues the Treasury’s programs for savings bonds and state and local government securities, those forms of debt will continue to be issued and will remain outstanding at the end of the projection period.

Under the President’s budget, CBO projects that \$93 billion in excess cash would remain in 2010, after all accumulated surpluses had been used to retire available debt held by the public. The Treasury would invest that excess cash, CBO assumes, at a rate equal to the average rate projected for Treasury bills and notes and would receive dividend or interest earnings from those investments.

DIFFERENCES BETWEEN CBO’S AND THE ADMINISTRATION’S ESTIMATES

Total surpluses projected by CBO under the President’s policies are \$209 billion higher from 2001 through 2010 than the Administration’s estimates (see Table 10). That result occurs because in most years, CBO’s economic and technical assumptions produce higher projected revenues and lower projected mandatory spending than the Administration projects under current law.

Baseline Differences

From 2001 through 2006, CBO's baseline estimate of revenues is higher than the Administration's current-services estimate by \$87 billion (see Table 11). That relationship is reversed from 2007 through 2010, when CBO's estimate is \$43 billion below that of the Administration. The pattern of revenue variations arises from differences in estimated taxable income; CBO's estimate is larger through 2004, but the Administration's is higher thereafter (see Table 12).

On the outlay side, CBO's baseline estimates for mandatory programs are \$209 billion lower than the Administration's from 2001 through 2010. Much of that difference occurs in estimates of spending for Social Security. In 2000 and 2001, CBO projects lower caseloads than does the Administration; in the longer term, CBO believes that the Administration has overestimated the real (inflation-adjusted) growth in average benefits.

Because Social Security benefits are computed on the basis of the earnings histories of beneficiaries, rising wages can be a significant factor in the growth in average benefits over time. However, forecasts of annual wage increases in the Administration's and CBO's projections are quite comparable over the 2001-2010 period and therefore contribute little to explaining why the projected benefits differ so much. Projections of caseloads and annual cost-of living adjustments are similar as well. A significant portion of the difference lies in outlays for the Disability Insurance program. CBO projects average real growth in benefits for disabled workers of about 0.4 percent a year—the average rate of growth for the past five years. The Administration, by contrast, estimates that annual real benefit growth will average 1.3 percent over the projection period.

Overall, the Administration estimates that Social Security payments will grow at an average annual rate of 5.4 percent over the 10-year period, compared with CBO's projection of 5.0 percent growth. The Administration's estimates of average benefits are also noticeably higher than CBO's (after adjusting for automatic increases) for Civil Service Retirement, unemployment compensation, and food stamps.

Policy Differences

Overall, CBO's estimates of the budgetary impact of the President's policy proposals are relatively close to those of the Administration. In some years, CBO's estimates of the cost of the President's proposals are higher than those of the Administration; in other years, the opposite is true. Yet CBO's projections are within \$4 billion of the Administration's in every year.

CBO's estimates of proposals for Medicaid and SCHIP together are lower than those of the Administration in all years. In 2010, the difference is nearly \$8 billion. In contrast, CBO's estimate of the outlay effects of the earned income and child tax credits is \$2 billion to \$3 billion a year higher than the Administration's. Most of that difference, though, arises because the Administration misclassified the outlay and revenue components of the policy.

CBO'S REVISED BASELINE

In preparing its annual analysis of the President's budgetary proposals, CBO typically updates its baseline projections to take account of new information from the budget and other sources. Its revised March projections then usually become the starting point for the budget resolution baseline.

CBO's new March projections differ only slightly from those published in its January 2000 report *The Budget and Economic Outlook: Fiscal Years 2001-2010* (see Table 13). As it did then, CBO offers three variants of its baseline. Each reflects a different assumption about discretionary spending through 2010—budget authority either grows with inflation, is frozen, or adheres to CBO's estimates of the statutory caps through 2002 and grows with inflation thereafter.

In each baseline variation and for every year, the total surplus is slightly higher than CBO previously estimated—but by no more than \$6 billion in any one year. In 2000, the surplus will total \$179 billion, CBO now projects, in the absence of supplemental appropriations or other legislation that would affect revenues or spending. That estimate is identical to the Administration's current-services estimate for 2000. By CBO's reckoning, about \$153 billion of that surplus is derived from off-budget accounts—mainly, the Social Security trust funds. That leaves a \$26 billion surplus in on-budget accounts, the largest ever in nominal dollars.

Projections of future surpluses depend on the path chosen for discretionary spending. Nonetheless, regardless of the variant, the budgetary picture is a bright one. Between 2001 and 2010, accumulated surpluses are projected to total \$3.2 trillion under the inflated baseline variation, \$4.2 trillion under the freeze variation, and \$4.3 trillion under the capped variation. On-budget surpluses total nearly \$900 billion under the inflated version and \$1.9 trillion under the other two baseline alternatives.

CBO's revenue projections have not changed at all since January, and its outlay projections have changed only a little. Technical revisions to the rates of growth applied to discretionary budget authority reduce outlays by \$2 billion to \$4 billion per year from 2003 through 2010 in the inflated variation (such methods do not

affect the freeze or capped versions of the baseline). On the mandatory side of the budget, CBO's estimates of spending have increased slightly for programs such as unemployment insurance and Social Security; they have declined for Medicare. CBO has also boosted its estimate of the volume of loans that will be guaranteed under the mutual mortgage insurance program of the Federal Housing Administration, which leads to an increase in net receipts to the government.

Under CBO's baseline assumptions, federal revenues are expected to total about \$1.9 trillion this year—approximately 20.3 percent of gross domestic product (see Tables 14 through 16). As a share of GDP, projected revenues fall gradually to 19.8 percent in 2004 and hold steady at that level through 2010. Spending this year is expected to total less than \$1.8 trillion—or 18.4 percent of GDP. Spending is projected to decrease to 16.5 percent of GDP in 2010 under the inflated baseline variation; under the freeze and capped variations, total spending falls to 15.1 percent and 15.6 percent of GDP, respectively, in 2010.

Under each of the alternative baseline assumptions about discretionary spending, the Treasury would have enough cash on hand sometime between 2007 and 2009 to retire all of the available federal debt held by the public. However, because some outstanding debt will not be available for repurchase, the Treasury would not be able to devote all such funds to that purpose. As noted earlier, CBO's baseline simply assumes that the Treasury would invest its excess cash at a rate of return equal to the average rate projected for Treasury bills and notes and that those investments would generate earnings.

Table 1.
Estimates of Surpluses Under the President's Budgetary Proposals and CBO's Baseline Projections
(By fiscal year, in billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total, 2001- 2010
CBO's Estimate of the President's Budgetary Proposals												
On-budget surplus	15	24	14	18	20	14	34	54	62	80	103	423
Off-budget surplus	<u>153</u>	<u>166</u>	<u>182</u>	<u>195</u>	<u>208</u>	<u>224</u>	<u>238</u>	<u>253</u>	<u>266</u>	<u>280</u>	<u>292</u>	<u>2,304</u>
Total	168	190	196	213	228	238	273	307	328	360	395	2,727
CBO Baseline^a												
Inflated variation												
On-budget surplus	26	15	29	36	42	48	92	121	138	169	202	893
Off-budget surplus	<u>153</u>	<u>166</u>	<u>182</u>	<u>195</u>	<u>209</u>	<u>225</u>	<u>238</u>	<u>253</u>	<u>266</u>	<u>280</u>	<u>293</u>	<u>2,307</u>
Total	179	181	212	231	250	273	330	374	404	449	495	3,199
Freeze variation												
On-budget surplus	26	27	54	77	106	132	197	248	290	349	410	1,891
Off-budget surplus	<u>153</u>	<u>166</u>	<u>182</u>	<u>196</u>	<u>209</u>	<u>225</u>	<u>239</u>	<u>254</u>	<u>267</u>	<u>281</u>	<u>294</u>	<u>2,313</u>
Total	179	192	237	273	315	358	436	502	558	629	704	4,204
Capped variation												
On-budget surplus	26	73	115	129	139	154	202	234	261	300	341	1,948
Off-budget surplus	<u>153</u>	<u>166</u>	<u>182</u>	<u>195</u>	<u>209</u>	<u>225</u>	<u>238</u>	<u>253</u>	<u>266</u>	<u>280</u>	<u>293</u>	<u>2,307</u>
Total	179	239	297	324	348	379	440	487	527	580	634	4,255

SOURCE: Congressional Budget Office.

a. Reflects changes made since January 2000. See Tables 13 through 16 for details.

Table 2.
Impact of the President's Budgetary Proposals on Cumulative On-Budget Surpluses, Fiscal Years 2001-2010
(In billions of dollars)

	Inflated Appropriations	Frozen Appropriations	Capped Appropriations
Cumulative On-Budget Surpluses Under the CBO Baseline	893	1,891	1,948
Impact of the President's Proposals			
Revenues	-146	-146	-146
Outlays			
Discretionary spending			
Defense	31	424	n.a.
Nondefense	<u>1</u>	<u>437</u>	<u>n.a.</u>
Subtotal	32	861	838
Mandatory spending			
Medicare	69	69	69
Medicaid and State Children's Health Insurance Program	91	91	91
Other	<u>57</u>	<u>57</u>	<u>57</u>
Subtotal	216	216	216
Net interest ^a	<u>75</u>	<u>245</u>	<u>324</u>
Total impact on outlays	323	1,322	1,379
Total Impact of the President's Proposals on Cumulative On-Budget Surpluses	-470	-1,468	-1,525
CBO's Estimate of Cumulative On-Budget Surpluses Under the President's Budgetary Proposals	423	423	423

SOURCE: Congressional Budget Office.

NOTE: n.a. = not applicable.

a. Includes proceeds from investing excess cash.

Table 3.
CBO's Estimate of the President's Budget (By fiscal year)

	Actual 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
In Billions of Dollars												
Revenues	1,827	1,946	2,026	2,097	2,171	2,262	2,352	2,443	2,547	2,659	2,781	2,912
On-budget	1,383	1,466	1,524	1,572	1,624	1,692	1,755	1,820	1,898	1,982	2,075	2,174
Off-budget	444	480	502	525	547	570	597	623	649	676	707	738
Outlays												
Discretionary spending	575	611	635	656	670	684	701	714	729	752	770	788
Mandatory spending	978	1,021	1,071	1,131	1,204	1,288	1,376	1,441	1,523	1,618	1,721	1,829
Offsetting receipts	-80	-79	-88	-95	-110	-117	-126	-131	-141	-149	-160	-170
Net interest	230	225	218	209	194	179	162	146	129	111	91	68
Proceeds from investing excess cash	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>2</u>
Total	1,703	1,778	1,836	1,902	1,958	2,033	2,114	2,170	2,240	2,331	2,422	2,516
On-budget	1,382	1,451	1,500	1,559	1,606	1,672	1,742	1,786	1,843	1,921	1,995	2,071
Off-budget	321	327	336	343	352	362	373	385	397	410	427	446
Surplus	124	168	190	196	213	228	238	273	307	328	360	395
On-budget	1	15	24	14	18	20	14	34	54	62	80	103
Off-budget	124	153	166	182	195	208	224	238	253	266	280	292
Debt Held by the Public	3,633	3,464	3,287	3,100	2,903	2,690	2,465	2,204	1,907	1,587	1,236	941
Accumulated Excess Cash	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	93
As a Percentage of GDP												
Revenues	20.0	20.3	20.2	20.0	19.8	19.8	19.7	19.6	19.6	19.6	19.6	19.6
On-budget	15.2	15.3	15.2	15.0	14.8	14.8	14.7	14.6	14.6	14.6	14.6	14.6
Off-budget	4.9	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Outlays												
Discretionary spending	6.3	6.4	6.3	6.3	6.1	6.0	5.9	5.7	5.6	5.5	5.4	5.3
Mandatory spending	10.7	10.7	10.7	10.8	11.0	11.3	11.5	11.6	11.7	11.9	12.1	12.3
Offsetting receipts	-0.9	-0.8	-0.9	-0.9	-1.0	-1.0	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1
Net interest	2.5	2.3	2.2	2.0	1.8	1.6	1.4	1.2	1.0	0.8	0.6	0.5
Proceeds from investing excess cash	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>*</u>
Total	18.7	18.6	18.3	18.1	17.9	17.8	17.7	17.4	17.2	17.2	17.1	16.9
On-budget	15.2	15.1	14.9	14.8	14.7	14.6	14.6	14.3	14.2	14.1	14.0	13.9
Off-budget	3.5	3.4	3.3	3.3	3.2	3.2	3.1	3.1	3.1	3.0	3.0	3.0
Surplus	1.4	1.8	1.9	1.9	1.9	2.0	2.0	2.2	2.4	2.4	2.5	2.7
On-budget	*	0.2	0.2	0.1	0.2	0.2	0.1	0.3	0.4	0.5	0.6	0.7
Off-budget	1.4	1.6	1.6	1.7	1.8	1.8	1.9	1.9	1.9	2.0	2.0	2.0
Debt Held by the Public	39.9	36.1	32.7	29.5	26.5	23.5	20.7	17.7	14.7	11.7	8.7	6.3
Accumulated Excess Cash	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6
Memorandum:												
Gross Domestic Product (Billions of dollars)	9,116	9,583	10,038	10,496	10,954	11,422	11,924	12,453	13,006	13,583	14,202	14,856

SOURCE: Congressional Budget Office.

NOTE: n.a. = not applicable; * = less than 0.05 percent of GDP.

Table 4.
Major Differences Between CBO's and the Administration's Estimates of Spending for
Mandatory Programs, Fiscal Years 2001-2010 (In billions of dollars)

	CBO Baseline	Administration Current- Services	Difference
Social Security	5,265	5,393	-128
Medicare	2,858	2,868	-10
Medicaid and State Children's Health Insurance Program	1,894	1,844	50
Civil Service Retirement and Disability Fund	564	607	-43
Unemployment Trust Fund	319	351	-33
Veterans' Compensation	227	252	-25
Food Stamps	226	252	-26

SOURCE: Congressional Budget Office.

Table 5.
Estimates of Discretionary Spending Under the President's Budgetary Proposals
and CBO's Baseline Projections (By fiscal year, in billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Caps on Discretionary Spending Proposed in the President's Budget											
Budget Authority	589	614	625	636	650	665	683	701	720	739	758
Outlays	608	626	649	663	679	699	709	723	743	762	780
CBO's Estimate of Total Discretionary Spending in the President's Budget											
Budget Authority	573	625	629	639	654	670	687	705	723	741	761
Outlays	611	635	656	670	684	701	714	729	752	770	788
CBO's Baseline Projections Assuming That Discretionary Spending Grows at the Rate of Inflation After 2000											
Budget Authority	570	607	622	638	654	669	685	702	719	737	754
Outlays	603	635	650	667	682	700	714	727	747	764	782
CBO's Baseline Projections Assuming That Discretionary Spending Is Frozen at the Level Enacted for 2000											
Budget Authority	570	586	586	586	586	586	586	586	586	586	586
Outlays	603	625	627	628	623	625	622	620	621	621	621
CBO's Estimate of the Current Caps on Discretionary Spending											
Budget Authority	572	541	550	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Outlays	600	579	571	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

SOURCE: Congressional Budget Office.

NOTE: n.a. = not applicable.

Table 6.
Comparison of Discretionary Spending Enacted for 2000 with the President's Request for 2001
(By fiscal year, in billions of dollars)

	<u>Defense Discretionary</u>		<u>Nondefense Discretionary</u>		<u>Total Discretionary</u>	
	2000 Enacted	2001 Request	2000 Enacted	2001 Request	2000 Enacted	2001 Request
CBO's Estimate of Discretionary Spending						
Budget authority	290	306	280	318	570	625
Outlays	284	295	319	340	603	635
Adjustments						
Advance appropriations						
Budget authority	0	0	14	0	14	0
Outlays	0	0	0	0	0	0
Normalizing pay dates and removing obligation delays						
Budget authority	0	0	0	0	0	0
Outlays	2	-2	3	-3	6	-6
Incorporating obligation limitations for transportation programs						
Obligation limitations	0	0	34	37	34	37
Outlays	0	0	0	0	0	0
Other ^a						
Budget authority	0	0	2	3	2	3
Outlays	0	4	-1	4	-1	8
CBO's Adjusted Estimate of Discretionary Spending						
Budget authority or obligation limitations ^b	290	306	331	358	621	664
Outlays	286	296	322	341	608	637
Memorandum:						
CBO Baseline						
Inflated variation						
Budget authority or obligation limitations ^b	290	298	314	344	604	642
Outlays	284	296	320	340	603	635
Freeze variation						
Budget authority or obligation limitations ^b	290	290	314	331	604	621
Outlays	284	290	320	335	603	625

SOURCE: Congressional Budget Office.

- a. Includes proposed mandatory offsets, proposed user fees, reclassifications, effects of proposed supplemental appropriations for fiscal year 2000, rescissions of prior-year budget authority, and payment shifts across fiscal years.
- b. Includes appropriated obligation limitations for transportation programs.

Table 7.

Comparison of Discretionary Budget Authority Enacted for 2000 with the President's Request for 2001, by Budget Function (By fiscal year, in billions of dollars)

Budget Function	2000 Enacted ^a	2001 Request ^a	Increase or Decrease (-)	
			Amount	Percentage
Defense Discretionary	289.9	306.3	16.4	5.7
Nondefense Discretionary				
International affairs	22.3	22.8	0.5	2.3
General science, space, and technology	19.2	20.8	1.6	8.2
Energy	2.6	3.1	0.5	19.6
Natural resources and environment	24.0	25.1	1.1	4.5
Agriculture	4.5	4.8	0.3	7.1
Commerce and housing credit	6.9	3.7	-3.2	-46.7
Transportation	48.9	53.1	4.2	8.6
Community and regional development	11.4	12.5	1.1	9.8
Education, training, employment, and social services	54.6	61.5	6.9	12.7
Health	33.7	35.5	1.8	5.3
Medicare (Administrative costs)	3.1	3.3	0.3	8.5
Income security	36.4	41.3	4.9	13.5
Social Security (Administrative costs)	3.2	3.5	0.3	8.7
Veterans benefits and services	20.9	22.1	1.2	5.6
Administration of justice	26.6	30.0	3.4	12.7
General government	<u>12.6</u>	<u>14.7</u>	<u>2.1</u>	<u>16.5</u>
Subtotal	330.9	357.8	26.9	8.1
Total Discretionary	620.8	664.1	43.3	7.0

SOURCE: Congressional Budget Office.

- a. Includes appropriated obligation limitations for transportation programs as well as adjustments to remove the effects of advance appropriations, pay-date shifts, obligation delays, and other factors shown in Table 6 that distort year-to-year comparisons.

Table 8.
CBO's Estimate of the Effect of the President's Budgetary Proposals on Mandatory Outlays
(By fiscal year, in billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total, 2001- 2010
Medicare	0	-1	2	*	6	7	8	9	11	12	14	69
Medicaid	0	*	*	1	2	4	-3	1	6	7	8	26
State Children's Health Insurance	0	*	1	2	3	5	18	13	7	8	7	64
Supplemental Security Income	2	-2	*	*	*	1	1	1	1	2	2	6
Earned Income Tax Credit	*	2	2	2	2	2	2	2	2	2	2	22
Child and Dependent Care Tax Credit	0	0	0	1	2	2	3	3	3	3	4	20
Other	<u>1</u>	<u>2</u>	<u>5</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>-1</u>	<u>10</u>
Total	4	1	11	8	16	21	28	30	31	35	37	218

SOURCE: Congressional Budget Office.

NOTE: * = between -\$500 million and \$500 million.

Table 9.

CBO's Estimate of the President's Revenue Proposals (By fiscal year, in billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total, 2001- 2010
Provisions That Reduce Revenues												
Establish Retirement Savings Accounts	0	0	-1	-2	-2	-6	-10	-10	-10	-10	-10	-61
Provide Marriage Penalty Relief and Increase the Standard Deduction	0	*	-1	-1	-2	-6	-7	-7	-7	-7	-7	-47
Reduce Individuals' Alternative Minimum Tax	*	*	-1	-1	-1	-2	-2	-3	-5	-9	-13	-38
Increase the Lifetime Learning Credit	0	*	-2	-3	-3	-3	-4	-4	-4	-4	-5	-32
Establish a Credit for Long-Term Care	0	*	-1	-2	-3	-3	-4	-4	-4	-4	-4	-29
Expand Deductions for Charitable Contributions	0	*	-1	-1	-1	-1	-2	-3	-3	-3	-3	-21
Establish a Credit for Certain Retirement Contributions of Small Businesses	0	0	*	-1	-2	-3	-3	-2	-2	-2	-2	-17
Establish a Credit for Postemployment Health Insurance	0	0	*	-1	-1	-2	-2	-2	-2	-2	-2	-13
Increase the Child and Dependent Care Credit	0	*	*	*	-1	-1	-1	-1	-1	-1	-1	-10
Other	*	-3	-6	-7	-8	-9	-10	-11	-10	-10	-9	-84
Total	*	-5	-14	-20	-25	-35	-44	-47	-50	-54	-57	-351
Provisions That Increase Revenues												
Increase the Excise Tax on Tobacco Products and Levy a Youth Smoking Assessment	0	4	4	4	13	13	11	11	11	11	11	92
Replace Sales-Source Rules	0	1	2	2	2	2	2	2	2	2	3	19
Reinstate Superfund Excise and Corporate Income Taxes	*	2	1	1	1	1	1	1	2	2	2	15
Modify Airport and Airway Trust Fund Taxes	0	1	1	2	2	2	1	1	*	0	0	9
Modify the Rules for Capitalizing Policy Acquisition Costs of Life Insurance Companies	0	*	1	1	1	1	1	1	1	1	1	9
Eliminate Nonbusiness Valuation Discounts	0	*	1	1	1	1	1	1	1	1	1	7
Other	*	7	5	5	5	7	4	5	5	6	6	54
Total	1	15	15	15	25	26	22	22	22	22	22	205
All Provisions												
Net Effect	1	10	1	-6	-1	-9	-22	-25	-28	-32	-35	-146

SOURCES: Congressional Budget Office; Joint Committee on Taxation.

NOTE: * = between -\$500 million and \$500 million.

Table 10.

Sources of Differences Between CBO's and the Administration's Estimates of the President's Budgetary Proposals (By fiscal year, in billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total, 2001- 2010
Administration's Estimate												
Surplus Under the President's Budgetary Proposals	167	184	186	185	195	216	256	292	314	329	363	n.a.
Sources of Differences												
Revenue Differences												
Baseline	-11	6	17	25	24	11	3	-11	-15	-8	-9	44
Policy	<u>—</u> [*]	<u>—</u> [*]	<u>-1</u>	<u>-2</u>	<u>2</u>	<u>—</u> [*]	<u>—</u> [*]	<u>—</u> [*]	<u>-3</u>	<u>4</u>	<u>4</u>	<u>4</u>
Total	-11	7	16	24	26	12	3	-12	-17	-4	-5	48
Outlay Differences												
Discretionary	-6	1	5	5	3	*	4	5	7	8	7	45
Mandatory												
Baseline	-5	-4	*	-13	-10	-13	-22	-32	-36	-40	-40	-209
Policy	<u>-1</u>	<u>4</u>	<u>1</u>	<u>4</u>	<u>-1</u>	<u>2</u>	<u>3</u>	<u>—</u> [*]	<u>-2</u>	<u>-3</u>	<u>-4</u>	<u>3</u>
Subtotal	-5	*	1	-10	-11	-11	-18	-32	-38	-42	-44	-206
Total	-12	1	6	-5	-8	-11	-14	-27	-31	-34	-37	-160
All Differences	1	6	10	28	34	23	17	15	14	30	32	209
CBO's Estimate												
Surplus Under the President's Budgetary Proposals	168	190	196	213	228	238	273	307	328	360	395	n.a.
Memorandum:												
Economic Differences												
Revenues	8	8	10	10	5	-5	-18	-27	-32	-30	-26	-106
Outlays	<u>1</u>	<u>2</u>	<u>—</u> [*]	<u>-5</u>	<u>-10</u>	<u>-11</u>	<u>-11</u>	<u>-11</u>	<u>-10</u>	<u>-9</u>	<u>-8</u>	<u>-73</u>
Total	7	6	9	15	15	6	-7	-16	-22	-21	-18	-32
Technical Differences												
Revenues	-18	-1	6	14	21	17	21	16	15	26	21	154
Outlays	<u>-12</u>	<u>-1</u>	<u>6</u>	<u>—</u> [*]	<u>2</u>	<u>—</u> [*]	<u>-3</u>	<u>-16</u>	<u>-21</u>	<u>-25</u>	<u>-29</u>	<u>-87</u>
Total	-6	*	*	14	19	17	24	31	35	51	49	241

SOURCE: Congressional Budget Office.

NOTE: n.a. = not applicable; * = between -\$500 million and \$500 million.

Table 11.
Comparison of CBO's and the Administration's Baselines (By fiscal year, in billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total, 2001- 2010
CBO Baseline												
Revenues	1,945	2,016	2,096	2,177	2,263	2,361	2,465	2,572	2,686	2,813	2,946	n.a.
Outlays	<u>1,766</u>	<u>1,835</u>	<u>1,885</u>	<u>1,945</u>	<u>2,012</u>	<u>2,089</u>	<u>2,135</u>	<u>2,198</u>	<u>2,282</u>	<u>2,364</u>	<u>2,451</u>	n.a.
Surplus	179	181	212	231	250	273	330	374	404	449	495	3,199
On-budget	26	15	29	36	42	48	92	121	138	169	202	893
Off-budget	153	166	182	195	209	225	238	253	266	280	293	2,307
Administration's Current-Services Baseline												
Revenues	1,956	2,010	2,080	2,151	2,238	2,350	2,462	2,584	2,701	2,821	2,955	n.a.
Outlays	<u>1,776</u>	<u>1,839</u>	<u>1,883</u>	<u>1,958</u>	<u>2,025</u>	<u>2,103</u>	<u>2,158</u>	<u>2,236</u>	<u>2,324</u>	<u>2,410</u>	<u>2,499</u>	n.a.
Surplus	179	171	197	193	213	247	304	347	377	411	457	2,919
On-budget	32	11	25	8	18	33	80	108	127	151	184	746
Off-budget	148	160	173	185	195	214	225	239	250	260	272	2,173
Differences (CBO minus Administration)												
Revenues	-11	6	17	25	24	11	3	-11	-15	-8	-9	44
Outlays	<u>-10</u>	<u>-4</u>	<u>2</u>	<u>-13</u>	<u>-13</u>	<u>-14</u>	<u>-23</u>	<u>-38</u>	<u>-41</u>	<u>-46</u>	<u>-47</u>	<u>-237</u>
Surplus	*	10	15	38	38	25	26	26	27	38	38	281
On-budget	-5	4	5	28	24	15	12	13	11	18	18	147
Off-budget	5	6	10	10	14	11	14	14	16	20	20	134

SOURCE: Congressional Budget Office.

NOTE: * = between -\$500 million and zero.

Table 12.
Comparison of Economic Projections for Calendar Years 2000-2010

	Forecast		Projected								
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Nominal GDP (Billions of dollars)											
CBO	9,692	10,154	10,610	11,069	11,544	12,054	12,589	13,148	13,734	14,362	15,024
Administration	9,685	10,156	10,621	11,105	11,644	12,236	12,847	13,477	14,118	14,777	15,471
Nominal GDP (Percentage change)											
CBO	5.0	4.8	4.5	4.3	4.3	4.4	4.4	4.4	4.5	4.6	4.6
Administration	4.9	4.9	4.6	4.6	4.9	5.1	5.0	4.9	4.8	4.7	4.7
Real GDP (Percentage change)											
CBO	3.3	3.1	2.8	2.6	2.6	2.7	2.7	2.7	2.7	2.9	2.9
Administration	3.3	2.7	2.5	2.5	2.8	3.0	2.9	2.8	2.7	2.6	2.6
GDP Price Index ^a (Percentage change)											
CBO	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Administration	1.6	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Consumer Price Index ^b (Percentage change)											
CBO	2.5	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Administration	2.6	2.4	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Unemployment Rate (Percent)											
CBO	4.1	4.2	4.4	4.7	4.8	5.0	5.0	5.1	5.2	5.2	5.2
Administration	4.2	4.5	5.0	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Three-Month Treasury Bill Rate (Percent)											
CBO	5.4	5.6	5.3	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Administration	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Ten-Year Treasury Note Rate (Percent)											
CBO	6.3	6.4	6.1	5.8	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Administration	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Taxable Income ^c (Billions of dollars)											
CBO	7,748	8,054	8,336	8,631	8,950	9,296	9,666	10,051	10,455	10,883	11,325
Administration	7,714	8,001	8,281	8,568	8,912	9,302	9,717	10,132	10,549	10,977	11,419

SOURCES: Congressional Budget Office; Office of Management and Budget.

NOTE: Percentage changes are year over year.

- a. The GDP price index is virtually the same as the implicit GDP deflator.
- b. The consumer price index for all urban consumers.
- c. Taxable personal income plus corporate profits before tax.

Table 13.

Changes in CBO's Baseline Estimates of Surpluses Since January 2000 Under Different Assumptions About Discretionary Spending (By fiscal year, in billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Discretionary Spending Grows at the Rate of Inflation After 2000^a											
January 2000 Total Surplus	176	177	209	227	246	268	325	368	399	444	489
Technical Changes											
Revenues	0	0	0	0	0	0	0	0	0	0	0
Outlays											
Discretionary	*	*	*	-2	-2	-2	-2	-3	-3	-4	-4
Mandatory	-4	-5	-2	-2	-2	-1	-1	*	1	2	3
Net interest	*	*	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-2</u>	<u>-2</u>	<u>-3</u>	<u>-4</u>	<u>-5</u>
Subtotal	<u>-3</u>	<u>-4</u>	<u>-3</u>	<u>-5</u>	<u>-5</u>	<u>-5</u>	<u>-5</u>	<u>-5</u>	<u>-5</u>	<u>-5</u>	<u>-6</u>
Total changes	3	4	3	5	5	5	5	5	5	5	6
March 2000 Total Surplus	179	181	212	231	250	273	330	374	404	449	495
Discretionary Spending Is Frozen at the Level Enacted for 2000^a											
January 2000 Total Surplus	176	188	232	271	312	355	434	500	556	628	703
Technical Changes											
Revenues	0	0	0	0	0	0	0	0	0	0	0
Outlays											
Discretionary	*	*	-1	-1	*	*	*	*	*	*	*
Mandatory	-4	-5	-2	-2	-2	-1	-1	*	1	2	3
Net interest	*	*	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-2</u>	<u>-2</u>	<u>-3</u>	<u>-4</u>
Subtotal	<u>-3</u>	<u>-5</u>	<u>-4</u>	<u>-2</u>	<u>-3</u>	<u>-3</u>	<u>-2</u>	<u>-2</u>	<u>-2</u>	<u>-1</u>	<u>-1</u>
Total changes	3	5	4	2	3	3	2	2	2	1	1
March 2000 Total Surplus	179	192	237	273	315	358	436	502	558	629	704
Discretionary Spending Equals CBO's Estimates of the Statutory Caps Through 2002 and Grows at the Rate of Inflation Thereafter											
January 2000 Total Surplus	176	235	294	321	345	376	438	485	526	579	633
Technical Changes											
Revenues	0	0	0	0	0	0	0	0	0	0	0
Outlays											
Discretionary	*	1	*	*	*	*	*	*	*	*	*
Mandatory	-4	-5	-2	-2	-2	-1	-1	*	1	2	3
Net interest	*	*	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-2</u>	<u>-2</u>	<u>-3</u>	<u>-4</u>
Subtotal	<u>-3</u>	<u>-4</u>	<u>-3</u>	<u>-3</u>	<u>-3</u>	<u>-2</u>	<u>-2</u>	<u>-2</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>
Total changes	3	4	3	3	3	2	2	2	1	1	1
March 2000 Total Surplus	179	239	297	324	348	379	440	487	527	580	634

SOURCE: Congressional Budget Office.

NOTE: * = between -\$500 million and \$500 million.

a. After adjustment for advance appropriations.

Table 14.
CBO's Baseline Budget Projections, Assuming That Discretionary Spending Grows
at the Rate of Inflation After 2000 (By fiscal year)

	Actual 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
In Billions of Dollars												
Revenues												
Individual income	879	945	986	1,026	1,068	1,112	1,162	1,217	1,275	1,339	1,407	1,480
Corporate income	185	189	189	187	190	194	200	208	216	225	233	242
Social insurance	612	653	684	714	742	770	808	842	878	913	954	998
Other	<u>151</u>	<u>158</u>	<u>158</u>	<u>169</u>	<u>177</u>	<u>187</u>	<u>192</u>	<u>198</u>	<u>202</u>	<u>210</u>	<u>218</u>	<u>226</u>
Total	1,827	1,945	2,016	2,096	2,177	2,263	2,361	2,465	2,572	2,686	2,813	2,946
On-budget	1,383	1,465	1,515	1,571	1,630	1,693	1,764	1,843	1,923	2,010	2,106	2,208
Off-budget	444	480	502	525	547	570	597	623	649	676	707	738
Outlays												
Discretionary spending	575	603	635	650	667	682	700	714	727	747	764	782
Mandatory spending	978	1,017	1,067	1,118	1,180	1,248	1,329	1,385	1,461	1,552	1,646	1,748
Offsetting receipts	-80	-79	-85	-92	-94	-94	-99	-104	-109	-114	-120	-126
Net interest	230	224	218	209	193	176	159	140	120	98	78	67
Proceeds from investing excess cash	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>-5</u>	<u>-20</u>
Total	1,703	1,766	1,835	1,885	1,945	2,012	2,089	2,135	2,198	2,282	2,364	2,451
On-budget	1,382	1,439	1,499	1,542	1,593	1,651	1,716	1,751	1,802	1,872	1,937	2,006
Off-budget	321	327	336	343	352	361	373	384	397	410	427	445
Surplus	124	179	181	212	231	250	273	330	374	404	449	495
On-budget	1	26	15	29	36	42	48	92	121	138	169	202
Off-budget	124	153	166	182	195	209	225	238	253	266	280	293
Debt Held by the Public	3,633	3,452	3,284	3,078	2,858	2,618	2,355	2,034	1,667	1,270	1,016	941
Accumulated Excess Cash	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	189	603

Table 14.
Continued

	Actual 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
As a Percentage of GDP												
Revenues												
Individual income	9.6	9.9	9.8	9.8	9.7	9.7	9.7	9.8	9.8	9.9	9.9	10.0
Corporate income	2.0	2.0	1.9	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.6
Social insurance	6.7	6.8	6.8	6.8	6.8	6.7	6.8	6.8	6.8	6.7	6.7	6.7
Other	<u>1.7</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
Total	20.0	20.3	20.1	20.0	19.9	19.8	19.8	19.8	19.8	19.8	19.8	19.8
On-budget	15.2	15.3	15.1	15.0	14.9	14.8	14.8	14.8	14.8	14.8	14.8	14.9
Off-budget	4.9	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Outlays												
Discretionary spending	6.3	6.3	6.3	6.2	6.1	6.0	5.9	5.7	5.6	5.5	5.4	5.3
Mandatory spending	10.7	10.6	10.6	10.7	10.8	10.9	11.1	11.1	11.2	11.4	11.6	11.8
Offsetting receipts	-0.9	-0.8	-0.8	-0.9	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.9
Net interest	2.5	2.3	2.2	2.0	1.8	1.5	1.3	1.1	0.9	0.7	0.5	0.5
Proceeds from investing excess cash	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	— *	-0.1
Total	18.7	18.4	18.3	18.0	17.8	17.6	17.5	17.1	16.9	16.8	16.6	16.5
On-budget	15.2	15.0	14.9	14.7	14.5	14.5	14.4	14.1	13.9	13.8	13.6	13.5
Off-budget	3.5	3.4	3.3	3.3	3.2	3.2	3.1	3.1	3.0	3.0	3.0	3.0
Surplus	1.4	1.9	1.8	2.0	2.1	2.2	2.3	2.7	2.9	3.0	3.2	3.3
On-budget	*	0.3	0.2	0.3	0.3	0.4	0.4	0.7	0.9	1.0	1.2	1.4
Off-budget	1.4	1.6	1.7	1.7	1.8	1.8	1.9	1.9	1.9	2.0	2.0	2.0
Debt Held by the Public	39.9	36.0	32.7	29.3	26.1	22.9	19.8	16.3	12.8	9.3	7.2	6.3
Accumulated Excess Cash	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.3	4.1
Memorandum:												
Gross Domestic Product (Billions of dollars)	9,116	9,583	10,038	10,496	10,954	11,422	11,924	12,453	13,006	13,583	14,202	14,856

SOURCE: Congressional Budget Office.

NOTE: n.a. = not applicable; * = less than 0.05 percent of GDP.

Table 15.

CBO's Baseline Budget Projections, Assuming That Discretionary Spending Is Frozen at the Level Enacted for 2000 (By fiscal year)

	Actual 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
In Billions of Dollars												
Revenues												
Individual income	879	945	986	1,026	1,068	1,112	1,162	1,217	1,275	1,339	1,407	1,480
Corporate income	185	189	189	187	190	194	200	208	216	225	233	242
Social insurance	612	653	684	714	742	770	808	842	878	913	954	998
Other	<u>151</u>	<u>158</u>	<u>158</u>	<u>169</u>	<u>177</u>	<u>187</u>	<u>192</u>	<u>198</u>	<u>202</u>	<u>210</u>	<u>218</u>	<u>226</u>
Total	1,827	1,945	2,016	2,096	2,177	2,263	2,361	2,465	2,572	2,686	2,813	2,946
On-budget	1,383	1,465	1,515	1,571	1,630	1,693	1,764	1,843	1,923	2,010	2,106	2,208
Off-budget	444	480	502	525	547	570	597	623	649	676	707	738
Outlays												
Discretionary spending	575	603	625	627	628	623	625	622	620	621	621	621
Mandatory spending	978	1,017	1,067	1,118	1,180	1,248	1,329	1,385	1,461	1,552	1,646	1,748
Offsetting receipts	-80	-79	-85	-92	-94	-94	-99	-104	-109	-114	-120	-126
Net interest	230	224	218	207	190	170	149	125	99	79	72	67
Proceeds from investing excess cash	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>-10</u>	<u>-36</u>	<u>-68</u>
Total	1,703	1,766	1,824	1,860	1,904	1,948	2,004	2,029	2,070	2,129	2,183	2,242
On-budget	1,382	1,439	1,488	1,517	1,552	1,587	1,632	1,645	1,674	1,720	1,758	1,798
Off-budget	321	327	336	343	352	361	372	384	396	409	426	444
Surplus	124	179	192	237	273	315	358	436	502	558	629	704
On-budget	1	26	27	54	77	106	132	197	248	290	349	410
Off-budget	124	153	166	182	196	209	225	239	254	267	281	294
Debt Held by the Public	3,633	3,452	3,272	3,041	2,780	2,476	2,128	1,701	1,206	1,078	1,016	941
Accumulated Excess Cash	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	423	984	1,607

Table 15.
Continued

	Actual 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
As a Percentage of GDP												
Revenues												
Individual income	9.6	9.9	9.8	9.8	9.7	9.7	9.7	9.8	9.8	9.9	9.9	10.0
Corporate income	2.0	2.0	1.9	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.6
Social insurance	6.7	6.8	6.8	6.8	6.8	6.7	6.8	6.8	6.8	6.7	6.7	6.7
Other	<u>1.7</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
Total	20.0	20.3	20.1	20.0	19.9	19.8	19.8	19.8	19.8	19.8	19.8	19.8
On-budget	15.2	15.3	15.1	15.0	14.9	14.8	14.8	14.8	14.8	14.8	14.8	14.9
Off-budget	4.9	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Outlays												
Discretionary spending	6.3	6.3	6.2	6.0	5.7	5.5	5.2	5.0	4.8	4.6	4.4	4.2
Mandatory spending	10.7	10.6	10.6	10.7	10.8	10.9	11.1	11.1	11.2	11.4	11.6	11.8
Offsetting receipts	-0.9	-0.8	-0.8	-0.9	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.9
Net interest	2.5	2.3	2.2	2.0	1.7	1.5	1.2	1.0	0.8	0.6	0.5	0.5
Proceeds from investing excess cash	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>-0.1</u>	<u>-0.3</u>	<u>-0.5</u>
Total	18.7	18.4	18.2	17.7	17.4	17.1	16.8	16.3	15.9	15.7	15.4	15.1
On-budget	15.2	15.0	14.8	14.5	14.2	13.9	13.7	13.2	12.9	12.7	12.4	12.1
Off-budget	3.5	3.4	3.3	3.3	3.2	3.2	3.1	3.1	3.0	3.0	3.0	3.0
Surplus	1.4	1.9	1.9	2.3	2.5	2.8	3.0	3.5	3.9	4.1	4.4	4.7
On-budget	*	0.3	0.3	0.5	0.7	0.9	1.1	1.6	1.9	2.1	2.5	2.8
Off-budget	1.4	1.6	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.0	2.0	2.0
Debt Held by the Public	39.9	36.0	32.6	29.0	25.4	21.7	17.8	13.7	9.3	7.9	7.2	6.3
Accumulated Excess Cash	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.1	6.9	10.8
Memorandum:												
Gross Domestic Product (Billions of dollars)	9,116	9,583	10,038	10,496	10,954	11,422	11,924	12,453	13,006	13,583	14,202	14,856

SOURCE: Congressional Budget Office.

NOTE: n.a. = not applicable; * = less than 0.05 percent of GDP.

Table 16.

CBO's Baseline Budget Projections, Assuming That Discretionary Spending Equals CBO's Estimates of the Statutory Caps Through 2002 and Grows at the Rate of Inflation Thereafter (By fiscal year)

	Actual 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
In Billions of Dollars												
Revenues												
Individual income	879	945	986	1,026	1,068	1,112	1,162	1,217	1,275	1,339	1,407	1,480
Corporate income	185	189	189	187	190	194	200	208	216	225	233	242
Social insurance	612	653	684	714	742	770	808	842	878	913	954	998
Other	<u>151</u>	<u>158</u>	<u>158</u>	<u>169</u>	<u>177</u>	<u>187</u>	<u>192</u>	<u>198</u>	<u>202</u>	<u>210</u>	<u>218</u>	<u>226</u>
Total	1,827	1,945	2,016	2,096	2,177	2,263	2,361	2,465	2,572	2,686	2,813	2,946
On-budget	1,383	1,465	1,515	1,571	1,630	1,693	1,764	1,843	1,923	2,010	2,106	2,208
Off-budget	444	480	502	525	547	570	597	623	649	676	707	738
Outlays												
Discretionary spending	575	603	579	571	585	600	615	630	646	662	679	696
Mandatory spending	978	1,017	1,067	1,118	1,180	1,248	1,329	1,385	1,461	1,552	1,646	1,748
Offsetting receipts	-80	-79	-85	-92	-94	-94	-99	-104	-109	-114	-120	-126
Net interest	230	224	217	203	182	161	138	114	91	77	72	67
Proceeds from investing excess cash	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>-3</u>	<u>-18</u>	<u>-44</u>	<u>-72</u>
Total	1,703	1,766	1,777	1,799	1,853	1,915	1,982	2,025	2,085	2,159	2,233	2,312
On-budget	1,382	1,439	1,442	1,457	1,501	1,553	1,610	1,641	1,688	1,749	1,806	1,867
Off-budget	321	327	336	343	352	361	373	384	397	410	427	445
Surplus	124	179	239	297	324	348	379	440	487	527	580	634
On-budget	1	26	73	115	129	139	154	202	234	261	300	341
Off-budget	124	153	166	182	195	209	225	238	253	266	280	293
Debt Held by the Public	3,633	3,452	3,226	2,934	2,622	2,285	1,916	1,485	1,142	1,078	1,016	941
Accumulated Excess Cash	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	137	593	1,105	1,659

Table 16.
Continued

	Actual 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
As a Percentage of GDP												
Revenues												
Individual income	9.6	9.9	9.8	9.8	9.7	9.7	9.7	9.8	9.8	9.9	9.9	10.0
Corporate income	2.0	2.0	1.9	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.6
Social insurance	6.7	6.8	6.8	6.8	6.8	6.7	6.8	6.8	6.8	6.7	6.7	6.7
Other	<u>1.7</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
Total	20.0	20.3	20.1	20.0	19.9	19.8	19.8	19.8	19.8	19.8	19.8	19.8
On-budget	15.2	15.3	15.1	15.0	14.9	14.8	14.8	14.8	14.8	14.8	14.8	14.9
Off-budget	4.9	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Outlays												
Discretionary spending	6.3	6.3	5.8	5.4	5.3	5.3	5.2	5.1	5.0	4.9	4.8	4.7
Mandatory spending	10.7	10.6	10.6	10.7	10.8	10.9	11.1	11.1	11.2	11.4	11.6	11.8
Offsetting receipts	-0.9	-0.8	-0.8	-0.9	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.9
Net interest	2.5	2.3	2.2	1.9	1.7	1.4	1.2	0.9	0.7	0.6	0.5	0.5
Proceeds from investing excess cash	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>*</u>	<u>-0.1</u>	<u>-0.3</u>	<u>-0.5</u>
Total	18.7	18.4	17.7	17.1	16.9	16.8	16.6	16.3	16.0	15.9	15.7	15.6
On-budget	15.2	15.0	14.4	13.9	13.7	13.6	13.5	13.2	13.0	12.9	12.7	12.6
Off-budget	3.5	3.4	3.3	3.3	3.2	3.2	3.1	3.1	3.0	3.0	3.0	3.0
Surplus	1.4	1.9	2.4	2.8	3.0	3.0	3.2	3.5	3.7	3.9	4.1	4.3
On-budget	*	0.3	0.7	1.1	1.2	1.2	1.3	1.6	1.8	1.9	2.1	2.3
Off-budget	1.4	1.6	1.7	1.7	1.8	1.8	1.9	1.9	1.9	2.0	2.0	2.0
Debt Held by the Public	39.9	36.0	32.1	28.0	23.9	20.0	16.1	11.9	8.8	7.9	7.2	6.3
Accumulated Excess Cash	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.1	4.4	7.8	11.2
Memorandum:												
Gross Domestic Product (Billions of dollars)	9,116	9,583	10,038	10,496	10,954	11,422	11,924	12,453	13,006	13,583	14,202	14,856

SOURCE: Congressional Budget Office.

NOTES: n.a. = not applicable; * = less than 0.05 percent of GDP.